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## Portugal

## Livestock and Products

## Voluntary

## 2004

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**Report Highlights:**

Portugal is implementing Common Agricultural Policy reform in late 2004 and 2005, which will likely lead to a restructuring of the beef, and dairy sectors. Restructuring the local dairy sector may mean increasing opportunities for U.S. dairy cattle genetics, while increasing consumer demand for high-quality beef may create opportunities for U.S. hormone-free beef. In recognition of Portugal's efforts to curb BSE, the European Commission has just approved the lifting of the ban to Portuguese cattle and beef exports.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Madrid [SP1]  
[PO]

## Portugal: Livestock Update

### Policy

Portugal will begin implementing the Common Agricultural Policy (CAP) reform (Reform) in November 2004. One of the clearest outcomes of the Reform process will be the expansion of beef production in Portugal, because of a 90,000 head increase in breeding cattle rights where cattle are grazed at or under 1.4 head/ha (extensively).

Reform modalities to be implemented by Portugal are as follows:

- 1) Single Farmer Payment (SFP) in the case of steer premiums and extensive cattle production;
- 2) Partial decoupling of the slaughter premium, except for calves, with 60 percent of the subsidy through the SFP. Partial decoupling of sheep and goat subsidies, with 50 percent of the payment through the SFP; and,
- 3) No decoupling for breeding cattle and slaughter calf production.

Under given Reform modalities, we estimate subsidy payments (excluding investment, but including agro-environmental measures and special subsidies to disadvantaged regions) to reach \$ 1,074 Million (\$1,068 Million estimated in CY-2004) in CY-2005, of which \$ 794 Million to all livestock activities (\$780 Million in CY-2004). CY-2004 payments will include an additional 25,000 breeding cow rights taken out of the new 90,000 head quota, which have been reserved to indigenous breed cattle. The remaining 65,000 head of the new quota will become eligible for subsidies from 2005. From this total, 10,000 head have been recently reserved for the Azores region and an undetermined number for currently over-quota cattle.

### Trade

Portuguese cattlemen are currently improving herd genetics. Breeding cattle imports, January through May 2004, primarily of Spanish, French and Dutch origin, were up 62 percent and cattle semen imports, primarily from Canada and the Netherlands, up by seven percent. The re-structuring process of the domestic dairy sector may mean strong demand for cattle genetics over the medium-term, possibly an opportunity for U.S. genetics.

We are expecting beef consumption to increase in 2005, helped by improving consumer confidence in the local supply and increased meat availability from Brazil, Uruguay, and Argentina (up ten percent January-May 2004). South American beef benefits from growing popularity at the expense of beef from EU origin. This consumer interest in quality may also lead to an interest in U.S. hormone-free beef.

On September 21, the EU Standing Food Chain Committee approved the lifting of the EU embargo on Portuguese cattle and beef exports, in place since 1998 because of the high BSE incidence. According to the latest veterinary records, the national BSE incidence measured by the OIE indicator is 130 positive cases per million cattle 24 months of age and over. The decision will now have to be formally adopted by the EU Commission and published in the Official Journal of the EU before coming into force. We expect minimal economic impact, while increasing the morale of the producers.

1 USD = € 0.82

## Cattle Numbers: Production, Supply and Distribution Table

| PSD Table                 |              |              |              |              |                   |              |
|---------------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| Country                   | Portugal     |              |              |              | Units: 1,000 Head |              |
| Commodity                 | Cattle       |              |              |              |                   |              |
|                           | 2003         |              | 2004         |              | 2005              |              |
|                           | Old          | New          | Old          | New          | Old               | New          |
| Market Year Begin         | 01/2003      |              | 01/2004      |              | 01/2005           |              |
| Total Cattle Beg. Stks    | 1.395        | 1.395        | 1.399        | 1.389        | 0                 | 1.376        |
| Dairy Cows Beg. Stocks    | 341          | 341          | 335          | 331          | 0                 | 325          |
| Beef Cows Beg. Stocks     | 359          | 359          | 360          | 365          | 0                 | 370          |
| Production (Calf Crop)    | 439          | 434          | 435          | 438          | 0                 | 445          |
| Intra-EU Imports          | 14           | 11           | 15           | 10           | 0                 | 9            |
| Extra EU Imports          | 0            | 0            | 0            | 0            | 0                 | 0            |
| TOTAL Imports             | 14           | 11           | 15           | 10           | 0                 | 9            |
| <b>TOTAL SUPPLY</b>       | <b>1.848</b> | <b>1.840</b> | <b>1.849</b> | <b>1.837</b> | <b>0</b>          | <b>1.830</b> |
| Intra-EU Exports          | 2            | 5            | 3            | 4            | 0                 | 4            |
| Extra EU Exports          | 0            | 0            | 0            | 0            | 0                 | 0            |
| TOTAL Exports             | 2            | 5            | 3            | 4            | 0                 | 4            |
| Cow Slaughter             | 59           | 59           | 59           | 61           | 0                 | 62           |
| Calf Slaughter            | 153          | 153          | 152          | 157          | 0                 | 159          |
| Total Slaughter           | 434          | 434          | 430          | 445          | 0                 | 450          |
| Loss                      | 13           | 12           | 12           | 12           | 0                 | 12           |
| Ending Inventories        | 1.399        | 1.389        | 1.404        | 1.376        | 0                 | 1.364        |
| <b>TOTAL DISTRIBUTION</b> | <b>1.848</b> | <b>1.840</b> | <b>1.849</b> | <b>1.837</b> | <b>0</b>          | <b>1.830</b> |

## Cattle Numbers: Trade Matrix

|                           |               |                      |              |                      |              |
|---------------------------|---------------|----------------------|--------------|----------------------|--------------|
| Import Trade Matrix       |               |                      |              |                      |              |
| Commodity: Cattle Numbers |               |                      |              |                      |              |
| Country: Portugal         |               |                      |              |                      |              |
| Units: Head               |               |                      |              |                      |              |
| Period:                   | CY-2003       | Jan/May 2004         |              | CY-2005              |              |
| Imports From:             |               |                      |              |                      |              |
| U.S.A.:                   | 0             | U.S.A.:              | 0            | U.S.A.:              |              |
| Other:                    |               | Other:               |              | Other:               |              |
| France                    | 2.942         | Spain                | 1.717        | Spain                | 3.350        |
| Spain                     | 5.269         | France               | 997          | France               | 2.000        |
| Netherlands               | 1.450         | Netherlands          | 898          | Netherlands          | 1.750        |
| Denmark                   | 699           | Germany              | 618          | Other EU             | 1.900        |
| Germany                   | 615           | Denmark              | 362          |                      |              |
| Ireland                   | 25            |                      |              |                      |              |
| Total Other:              | 11.000        | Total Other:         | 4.592        | Total Other:         | 9.000        |
| All Other:                | 0             | All Other:           | 0            | All Other:           | 0            |
| <b>TOTAL IMPORTS</b>      | <b>11.000</b> | <b>TOTAL IMPORTS</b> | <b>4.592</b> | <b>TOTAL IMPORTS</b> | <b>9.000</b> |

|                           |              |                      |          |                      |              |
|---------------------------|--------------|----------------------|----------|----------------------|--------------|
| Export Trade Matrix       |              |                      |          |                      |              |
| Commodity: Cattle Numbers |              |                      |          |                      |              |
| Country: Portugal         |              |                      |          |                      |              |
| Units: Head               |              |                      |          |                      |              |
| Period:                   | CY-2003      | Jan/May 2004         |          | CY-2005              |              |
| Exports To:               |              |                      |          |                      |              |
| U.S.A.:                   | 0            | U.S.A.:              | 0        | U.S.A.:              | 0            |
| Other:                    |              | Other:               |          | Other:               |              |
| Spain                     | 4.889        |                      |          | Spain                | 4.000        |
|                           |              |                      |          |                      |              |
|                           |              |                      |          |                      |              |
|                           |              |                      |          |                      |              |
| Total Other:              | 4.889        | Total Other:         | 0        | Total Other:         | 4.000        |
| All Other:                | 0            | All Other:           | 0        | All Other:           | 0            |
| <b>TOTAL EXPORTS</b>      | <b>4.889</b> | <b>TOTAL EXPORTS</b> | <b>0</b> | <b>TOTAL EXPORTS</b> | <b>4.000</b> |

**Beef: Production, Supply and Distribution Table**

|                           |                 |            |            |                          |          |            |
|---------------------------|-----------------|------------|------------|--------------------------|----------|------------|
| <b>PSD Table</b>          |                 |            |            |                          |          |            |
| <b>Country</b>            | <b>Portugal</b> |            |            | Units: 1,000 Metric Tons |          |            |
| <b>Commodity</b>          | <b>Beef</b>     |            |            |                          |          |            |
|                           | 2003            |            | 2004       |                          | 2005     |            |
|                           | Old             | New        | Old        | New                      | Old      | New        |
| <b>Market Year Begin</b>  | 01/2003         |            | 01/2004    |                          | 01/2005  |            |
| Slaughter (Reference)     | 434             | 434        | 430        | 445                      | 0        | 450        |
| Beginning Stocks          | 0               | 0          | 0          | 0                        | 0        | 0          |
| Production                | 105             | 105        | 104        | 114                      | 0        | 116        |
| Intra-EU Imports          | 84              | 87         | 90         | 78                       | 0        | 76         |
| Extra EU Imports          | 6               | 6          | 7          | 7                        | 0        | 8          |
| TOTAL Imports             | 90              | 93         | 97         | 85                       | 0        | 84         |
| <b>TOTAL SUPPLY</b>       | <b>195</b>      | <b>198</b> | <b>201</b> | <b>199</b>               | <b>0</b> | <b>200</b> |
| Intra-EU Exports          | 0               | 0          | 0          | 0                        | 0        | 0          |
| Extra EU Exports          | 0               | 0          | 0          | 0                        | 0        | 0          |
| TOTAL Exports             | 0               | 0          | 0          | 0                        | 0        | 0          |
| TOTAL Domestic Use        | 195             | 198        | 201        | 199                      | 0        | 200        |
| Ending Stocks             | 0               | 0          | 0          | 0                        | 0        | 0          |
| <b>TOTAL DISTRIBUTION</b> | <b>195</b>      | <b>198</b> | <b>201</b> | <b>199</b>               | <b>0</b> | <b>200</b> |

**Beef: Trade Matrix**

|                      |               |                      |               |                      |               |
|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| Import Trade Matrix  |               |                      |               |                      |               |
| Commodity: Beef      |               |                      |               |                      |               |
| Country: Portugal    |               | Units: M.t.          |               |                      |               |
| Period:              |               | CY-2003              |               | Jan/May 2004         |               |
| Imports From:        |               |                      |               | CY-2005              |               |
| U.S.A.:              | 0             | U.S.A.:              | 0             | U.S.A.:              |               |
| Other:               |               | Other:               |               | Other:               |               |
| Spain                | 45.702        | Spain                | 17.315        | Spain                | 40.000        |
| Netherlands          | 15.088        | Netherlands          | 5.599         | Netherlands          | 13.000        |
| France               | 11.559        | France               | 4.510         | France               | 10.400        |
| Ireland              | 4.404         | Ireland              | 2.431         | Ireland              | 5.600         |
| Denmark              | 3.743         | Germany              | 1.840         | Other EU             | 7.000         |
| Other EU             | 6.677         | Denmark              | 1.370         | Brazil               | 4.000         |
| Brazil               | 4.777         | Other EU             | 1.124         |                      |               |
| Uruguay              | 612           | Brazil               | 1.720         |                      |               |
|                      |               | Uruguay              | 280           |                      |               |
| Total Other:         | 92.562        | Total Other:         | 36.189        | Total Other:         | 80.000        |
| All Other:           | 298           | All Other:           | 125           | All Other:           | 4.000         |
| <b>TOTAL IMPORTS</b> | <b>92.860</b> | <b>TOTAL IMPORTS</b> | <b>36.314</b> | <b>TOTAL IMPORTS</b> | <b>84.000</b> |

|                      |          |                      |          |                      |          |
|----------------------|----------|----------------------|----------|----------------------|----------|
| Export Trade Matrix  |          |                      |          |                      |          |
| Commodity: Beef      |          |                      |          |                      |          |
| Country: Portugal    |          | Units: M.t.          |          |                      |          |
| Period:              |          | CY-2003              |          | Jan/May 2004         |          |
| Exports To:          |          |                      |          | CY-2005              |          |
| U.S.A.:              | 0        | U.S.A.:              | 0        | U.S.A.:              | 0        |
| Other:               |          | Other:               |          | Other:               |          |
|                      |          |                      |          |                      |          |
|                      |          |                      |          |                      |          |
|                      |          |                      |          |                      |          |
|                      |          |                      |          |                      |          |
|                      |          |                      |          |                      |          |
| Total Other:         | 0        | Total Other:         | 0        | Total Other:         | 0        |
| All Other:           | 0        | All Other:           | 0        | All Other:           | 0        |
| <b>TOTAL IMPORTS</b> | <b>0</b> | <b>TOTAL IMPORTS</b> | <b>0</b> | <b>TOTAL IMPORTS</b> | <b>0</b> |

## Swine Numbers: Production, Supply and Distribution Table

| Country                   | Portugal     |              |              |              |                   |              |
|---------------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| Commodity                 | Swine        |              |              |              | Units: 1,000 Head |              |
|                           | 2003         |              | 2004         |              | 2005              |              |
|                           | Old          | New          | Old          | New          | Old               | New          |
| Market Year Begin         | 01/2003      |              | 01/2004      |              | 01/2005           |              |
| TOTAL Beginning Stocks    | 2.344        | 2.344        | 2.120        | 2.303        | 0                 | 2.298        |
| Sow Beginning Stocks      | 316          | 316          | 310          | 311          | 0                 | 305          |
| Production (Pig Crop)     | 4.250        | 4.494        | 4.170        | 4.417        | 0                 | 4.332        |
| Intra-EU Imports          | 740          | 776          | 730          | 790          | 0                 | 800          |
| Extra EU Imports          | 0            | 0            | 0            | 0            | 0                 | 0            |
| TOTAL Imports             | 740          | 776          | 730          | 790          | 0                 | 800          |
| <b>TOTAL SUPPLY</b>       | <b>7.334</b> | <b>7.614</b> | <b>7.020</b> | <b>7.510</b> | <b>0</b>          | <b>7.430</b> |
| Intra-EU Exports          | 52           | 66           | 70           | 50           | 0                 | 40           |
| Extra EU Exports          | 0            | 0            | 0            | 0            | 0                 | 0            |
| TOTAL Exports             | 52           | 66           | 70           | 50           | 0                 | 40           |
| Sow Slaughter             | 47           | 48           | 45           | 47           | 0                 | 47           |
| Total Slaughter           | 5.150        | 5.233        | 4.878        | 5.150        | 0                 | 5.088        |
| Loss                      | 12           | 12           | 12           | 12           | 0                 | 12           |
| Ending Inventories        | 2.120        | 2.303        | 2.060        | 2.298        | 0                 | 2.290        |
| <b>TOTAL DISTRIBUTION</b> | <b>7.334</b> | <b>7.614</b> | <b>7.020</b> | <b>7.510</b> | <b>0</b>          | <b>7.430</b> |

**Swine Numbers: Trade Matrix**

|                          |         |               |         |               |         |
|--------------------------|---------|---------------|---------|---------------|---------|
| Import Trade Matrix      |         |               |         |               |         |
| Commodity: Swine Numbers |         |               |         |               |         |
| Country: Portugal        |         | Units: Head   |         |               |         |
| Period: CY-2003          |         | Jan/May 2004  |         | CY-2005       |         |
| Imports From:            |         |               |         |               |         |
| U.S.A.:                  | 0       | U.S.A.:       | 0       | U.S.A.:       |         |
| Other:                   |         | Other:        |         | Other:        |         |
| Spain                    | 775.656 | Spain         | 304.000 | Spain         | 800.000 |
| Belgium                  | 145     | France        | 38      | Other EU      | 100     |
| France                   | 13      |               |         |               |         |
| Poland                   | 2       |               |         |               |         |
|                          |         |               |         |               |         |
| Total Other:             | 775.816 | Total Other:  | 304.038 | Total Other:  | 800.100 |
| All Other:               | 0       | All Other:    | 0       | All Other:    | 0       |
| TOTAL IMPORTS            | 775.816 | TOTAL IMPORTS | 304.038 | TOTAL IMPORTS | 800.100 |

|                          |         |               |        |               |        |
|--------------------------|---------|---------------|--------|---------------|--------|
| Export Trade Matrix      |         |               |        |               |        |
| Commodity: Swine Numbers |         |               |        |               |        |
| Country: Portugal        |         | Units: Head   |        |               |        |
| Period:                  | CY-2003 | Jan/May 2004  |        | CY-2005       |        |
| Exports To:              |         |               |        |               |        |
| U.S.A.:                  | 0       | U.S.A.:       | 0      | U.S.A.:       |        |
| Other:                   |         | Other:        |        | Other:        |        |
| Spain                    | 65.866  | Spain         | 14.227 | Spain         | 40.000 |
|                          |         |               |        |               |        |
|                          |         |               |        |               |        |
|                          |         |               |        |               |        |
|                          |         |               |        |               |        |
| Total Other:             | 65.866  | Total Other:  | 14.227 | Total Other:  | 40.000 |
| All Other:               | 0       | All Other:    | 0      | All Other:    | 0      |
| TOTAL EXPORTS            | 65.866  | TOTAL EXPORTS | 14.227 | TOTAL EXPORTS | 40.000 |



**Pork: Production, Supply and Distribution Table**

| <b>PSD Table</b>          |                 |       |         |                          |         |       |
|---------------------------|-----------------|-------|---------|--------------------------|---------|-------|
| <b>Country</b>            | <b>Portugal</b> |       |         | Units: 1,000 Metric Tons |         |       |
| <b>Commodity</b>          | <b>Pigmeat</b>  |       |         |                          |         |       |
|                           | 2003            |       | 2004    |                          | 2005    |       |
|                           | Old             | New   | Old     | New                      | Old     | New   |
| <b>Market Year Begin</b>  | 01/2003         |       | 01/2004 |                          | 01/2005 |       |
| Slaughter (Reference)     | 5.150           | 5.233 | 4.878   | 5.150                    | 0       | 5.088 |
| Beginning Stocks          | 0               | 0     | 0       | 0                        | 0       | 0     |
| Production                | 320             | 329   | 303     | 324                      | 0       | 320   |
| Intra-EU Imports          | 17              | 156   | 20      | 157                      | 0       | 158   |
| Extra EU Imports          | 0               | 0     | 0       | 0                        | 0       | 0     |
| TOTAL Imports             | 17              | 156   | 20      | 157                      | 0       | 158   |
| <b>TOTAL SUPPLY</b>       | 337             | 485   | 323     | 481                      | 0       | 478   |
| Intra-EU Exports          | 5               | 4     | 5       | 5                        | 0       | 6     |
| Extra EU Exports          | 23              | 18    | 25      | 28                       | 0       | 30    |
| TOTAL Exports             | 28              | 22    | 30      | 33                       | 0       | 36    |
| TOTAL Domestic Use        | 309             | 463   | 293     | 448                      | 0       | 442   |
| Ending Stocks             | 0               | 0     | 0       | 0                        | 0       | 0     |
| <b>TOTAL DISTRIBUTION</b> | 337             | 485   | 323     | 481                      | 0       | 478   |

**Pork: Trade Matrix**

|                       |         |               |        |               |         |
|-----------------------|---------|---------------|--------|---------------|---------|
| Import Trade Matrix   |         |               |        |               |         |
| Commodity: Swine Meat |         |               |        |               |         |
| Country: Portugal     |         | Units: M.t.   |        |               |         |
| Period:               | CY-2003 | Jan/May 2004  |        | CY-2005       |         |
| Imports From:         |         |               |        |               |         |
| U.S.A.:               | 0       | U.S.A.:       | 0      | U.S.A.:       |         |
| Other:                |         | Other:        |        | Other:        |         |
| Spain                 | 139.581 | Spain         | 54.814 | Spain         | 140.000 |
| Germany               | 5.283   | Germany       | 3.190  | Germany       | 8.200   |
| Other EU              | 11.527  | Other EU      | 3.721  | France        | 10.000  |
|                       |         |               |        |               |         |
|                       |         |               |        |               |         |
| Total Other:          | 156.391 | Total Other:  | 61.725 | Total Other:  | 158.200 |
| All Other:            | 61      | All Other:    | 0      | All Other:    | 0       |
| TOTAL IMPORTS         | 156.452 | TOTAL IMPORTS | 61.725 | TOTAL IMPORTS | 158.200 |

|                       |         |               |        |               |        |
|-----------------------|---------|---------------|--------|---------------|--------|
| Export Trade Matrix   |         |               |        |               |        |
| Commodity: Swine Meat |         |               |        |               |        |
| Country: Portugal     |         | Units: M.t.   |        |               |        |
| Period:               | CY-2003 | Jan/May 2004  |        | CY-2005       |        |
| Exports To:           |         |               |        |               |        |
| U.S.A.:               | 0       | U.S.A.:       | 0      | U.S.A.:       | 0      |
| Other:                |         | Other:        |        | Other:        |        |
| Spain                 | 2.768   | Spain         | 1.274  | Spain         | 3.000  |
| Other EU              | 1.505   | Other EU      | 1.198  | Other EU      | 3.000  |
| Angola                | 15.744  | Angola        | 12.215 | Angola        | 26.300 |
| Cape Verde            | 866     | Cape Verde    | 418    | Cape Verde    | 900    |
| Ships                 | 344     |               |        |               |        |
| Total Other:          | 21.227  | Total Other:  | 15.105 | Total Other:  | 33.200 |
| All Other:            | 1.110   | All Other:    | 1.616  | All Other:    | 2.800  |
| TOTAL IMPORTS         | 22.337  | TOTAL IMPORTS | 16.721 | TOTAL IMPORTS | 36.000 |